



MTC Sales Tax Simplification Committee Teleconference
Wednesday, July 21, 1999
3:00pm to 5:00pm (Eastern)

Minutes

I. Welcome and Introductions

Wayne Eggert, Committee Chair, called the meeting to order. The following individuals participated in the teleconference:

NAME	STATE/ORGANIZATION
Wayne Eggert, Committee Chair	National Tax Association
Gerry Bair	Iowa Department of Revenue and Finance
Charles Collins	North Carolina Department of Revenue
Frank Davis	Tax Executives Institute
Freda Evans	California State Board of Equalization
Jennifer Hays	Kentucky Revenue Cabinet
Bruce Johnson	Utah State Tax Commission
Tim Leadbeater	Florida Department of Revenue
Diane Luebbering	Missouri Department of Revenue
Mike Mason	Alabama Department of Revenue
Mona Shoemate	Texas Comptroller of Public Accounts
Tremaine Smith	Washington Department of Revenue
Myles Vosberg	North Dakota Office of State Tax Commissioner
Cathy Wicks	Minnesota Department of Revenue
Quentin Wilson	Missouri Department of Revenue
René Blocker	Multistate Tax Commission
Jason Lumia	Multistate Tax Commission

II. Public Comment Period

There was no public comment.

III. Reports on Progress of State-Specific Simplification Subcommittees and Development of Reporting Plan for Subcommittees

Brief Review

During the May 19, 1999, MTC Sales Tax Simplification Committee meeting in Washington, D.C., it was recognized that the objectives of the Committee would change in conjunction with the project evolving and shifting out of the planning phase. As such, the *Sales Tax Simplification Committee* was renamed as the *Sales Tax Implementation Committee* to reflect the stated objective of **implementing and fostering sales tax simplification and preventing further sales tax complexity**. An ensuing charter evolved delineating the expectations of the Committee, *i.e.*, to bring forth ideas; to sift through issues requiring uniformity, select those which are the most “appropriate” or “ideal,” and follow any necessary course of action for states to implement them; and to encourage as much information-sharing as possible. One participant proposed that as a counterpart to the second expectation that states be allowed to propose uniformity ideas at a national level for the consideration of the Implementation Committee. The charter will be amended to reflect this proposal.

Progress Reports

Previously, states were assigned to Steering Committee members roughly by region. The Steering Committee members and the states they will monitor are:

Name	State
Frank Davis	DC, MD, NC, SC, VA
Wayne Eggert	AL, MA, NJ, PA, RI
Bruce Johnson	AZ, CO, NM, UT, WY
Fred Kiga	CT, ID, ME, VT, WA, WI
Norman Lobins	IN, KY, MI, MN, OH, WV
Wilma Murphree	HI, LA, NV, OK
Jerry Orr	AR, CA, FL, GA, MS
Mona Shoemate	ND, NY, SD, TN, TX
Quentin Wilson	IA, IL, KS, MO, NE

Quentin Wilson reported that Iowa, Nebraska, and North Dakota have formed a North Central group project, similar to the Northwest Regional Sales Tax Pilot Project. Wisconsin and Minnesota are steadily progressing in establishing their state subcommittees, while South Dakota, however, has been experiencing some difficulty in their organization. Developments specific to Missouri include: current attempts to link audit reinvention activities to what has been developed in Kansas; a redesign of the sales and use tax filing form; and a planned re-tooling of all Missouri regulations aimed at eliminating any ambiguity, contradictions, etc.

Mona Shoemate reported that in Tennessee, Julie Bragg of International Paper has recruited additional participants. While Mona has yet to hear back from New York, she did state that the Texas Comptroller has assembled a number of small advisory groups with plans to meet at the end of August.

Bruce Johnson offered a brief synopsis and update of the Northwest Project lauding its continued progress and success.

Charles Collins noted that the North Carolina subcommittee has met a number of times and has laid out an agenda. In addition, four noteworthy pieces of legislation have been passed: no fees for registration; the repeal and expansion of various exemptions; EFT approval for direct pay permits on the web; and a provision for a study of State and local taxation.

Lastly, Mike Mason noted that Bruce Ely (Alabama Business Representative Chair) has attended every meeting. Preliminary work has been accomplished, including reviewing MTC uniformity proposals.

It was determined that states should send illustrations of their progress and accomplishments to the MTC staff so that a clearinghouse of information can be established. The MTC will begin posting on their website any documents that states or businesses are able to part with and will update this list on a continual basis. Please forward submissions to **both** Wayne Eggert (Committee Chair) at wgeggert@lucent.com and René Blocker at rblocker@mtc.gov.

IV. Work of Committee and Task Forces on Implementation of Simplification Ideas

It was previously established that Jerry Orr and Mona Shoemate will co-chair the *Exemption Processing Task Force*; Wilma Murphree will chair the *Situs Task Force*; and Norman Lobins will chair the *Refund Claim Process Task Force*. A list of participants in each task force will be provided as it becomes available. Mona Shoemate emphasized that she envisions utilizing the *Exemption Processing Task Force* as a means of gathering information on current state practices and intends to distribute a survey to the states.

V. Update on Work of Related Projects of Other Organizations

National Tax Association Communications and Electronic Commerce Tax Project

The project members are working on a draft report of the discussions of the Project with the hopes of making it available to the Advisory Commission on Electronic Commerce. While there have been a number of useful discussions in the Project, business and government representatives have not yet reached a consensus on key issues, primarily on nexus. A report, if issued, will contain a broad spectrum of discussions of electronic commerce taxation and few recommendations. Whether a report will be issued is not yet clear.

Advisory Commission on Electronic Commerce (ACEC)

Two subcommittees were formed during the first round of ACEC meetings on June 21st and 22nd in Williamsburg, Virginia, *i.e.*, the *Funding and Work Plan Subcommittees*. The Funding Subcommittee addressed short- and long-term funding issues to allow for the Project's continuance — in the short-term, business representatives will be required to pay dues while federal funding will be pursued to finance the Commission's activities over the long-term.

David Pottruck (President and co-CEO of Charles Schwab) was selected to chair the Work Plan Subcommittee, which will focus on five key areas:

- State and local tax issues related to the Internet, including underlying concerns such as nexus and uniformity;
- The views of remote sellers (both tangible and intangible products) and direct marketers, including issues between so-called Main Street retailers and out-of-state vendors;
- The philosophy of consumer advocates and low-tax advocates, including simplification and the level of taxation;
- Taxes in relation to Internet access and telecommunications; and
- International taxation, with probable concentration on trying to “outline the broad issues.”

A second meeting is scheduled for September 14th and 15th in New York City, with subsequent meetings scheduled in December 1999 and March 2000 in San Francisco and Dallas, respectively. Generally, every meeting will be closed to the public on the first day of discussions and open on the second. Tremaine Smith will keep the Committee updated vis-à-vis the activities of the ACEC.

Multistate Tax Commission

The MTC will be holding its Annual Meeting in Traverse City, Michigan this year from July 25-30. Among the scheduled topics includes a sales and use tax discussion on July 29th concerning existing problems with the sales and use tax and viable solutions.

VI. Additional Steps and Topics to Accomplish Committee’s Purpose

There was a consensus that a quintessential need exists for the Committee members to keep each other informed of other projects, issues, etc., that may emanate and to monitor any developments and/or progress. The Committee needs to adopt a more pro-active stance in discussions encompassing related happenings in the tax arena.

VII. Future Meeting Plans

The next teleconference of the Implementation Committee is scheduled for Wednesday, October 6, 1999, at 3:00pm Eastern Daylight Time.

VIII. Adjournment